

**Senate Study Bill 1174 - Introduced**

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON BOLKCOM)

**A BILL FOR**

1 An Act creating a tax credit for certain small businesses  
2 offering wellness programs to employees and including  
3 effective date and applicability provisions.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 135.27B Wellness program tax  
2 credit.

3 1. a. A wellness program tax credit shall be allowed  
4 against the taxes imposed in chapter 422, divisions II, III,  
5 and V, and in chapter 432, and against the moneys and credits  
6 tax imposed in section 533.329, for a portion of a taxpayer's  
7 costs incurred in providing a qualified small business wellness  
8 program to employees.

9 b. The tax credit shall be an amount equal to fifty percent  
10 of the costs incurred in providing a qualified small business  
11 wellness program to employees. However, the total amount of  
12 the tax credit claimed shall not exceed an amount equal to  
13 three hundred dollars per employee per tax year.

14 c. To be eligible for the tax credit, a small business shall  
15 be located in this state, be operated for profit and under a  
16 single management, and have at least two but not more than one  
17 hundred employees employed for at least fifty percent of the  
18 employer's working days during the tax year.

19 d. An individual may claim a tax credit under this section  
20 of a partnership, limited liability company, S corporation,  
21 estate, or trust electing to have income taxed directly to  
22 the individual. The amount claimed by the individual shall  
23 be based upon the pro rata share of the individual's earnings  
24 from the partnership, limited liability company, S corporation,  
25 estate, or trust.

26 e. Any tax credit in excess of the tax liability is not  
27 refundable, but the taxpayer may elect to have the excess  
28 credited to the tax liability for the following five years or  
29 until depleted, whichever is earlier. A tax credit shall not  
30 be carried back to a tax year prior to the tax year in which the  
31 taxpayer first receives the tax credit.

32 f. A taxpayer claiming a credit under this section shall  
33 not be precluded, in computing taxable income, from deducting  
34 the costs of providing a wellness program allowed under any  
35 provision of the Internal Revenue Code.

1     2. To claim a wellness program tax credit under this  
2 section, a taxpayer must attach a tax credit certificate issued  
3 by the department verifying the taxpayer's eligibility for the  
4 credit. The tax credit certificate attached to the taxpayer's  
5 tax return shall be issued in the taxpayer's name, contain an  
6 expiration date that falls on or after the last day of the  
7 taxable year for which the taxpayer is claiming the tax credit,  
8 and show a tax credit amount equal to or greater than the tax  
9 credit claimed on the taxpayer's tax return.

10    3. *a.* The department shall accept applications from  
11 eligible small businesses for wellness program tax credits.

12    *b.* If the department determines that a wellness program  
13 qualifies for a tax credit pursuant to this section,  
14 the department shall issue a wellness program tax credit  
15 certificate to be attached to the small business's tax return.  
16 The tax credit certificate shall contain the taxpayer's name,  
17 address, tax identification number, the number of employees,  
18 the total costs incurred in providing the wellness program, and  
19 any other information required by the department of revenue.

20    *c.* The tax credit certificate, unless otherwise void, shall  
21 be accepted by the department of revenue as payment for taxes  
22 imposed pursuant to chapter 422, divisions II, III, and V,  
23 chapter 432, and section 533.329, subject to any conditions or  
24 restrictions placed by the department upon the face of the tax  
25 credit and subject to the limitations of this section.

26    *d.* Tax credits issued under this section are not  
27 transferable to any person or entity.

28    4. The department shall not issue a tax credit certificate  
29 under this section unless the wellness program offered by a  
30 small business provides for all of the following:

31    *a.* The development of measurable positive health outcomes  
32 for employees participating in the wellness program.

33    *b.* Regular health risk factor assessments and a treatment  
34 regimen designed to address health risk factors. For purposes  
35 of this paragraph, "*health risk factor*" means a condition with

1 the potential to negatively affect a person's health or bodily  
2 well-being. "Health risk factors" include but are not limited  
3 to cholesterol levels, triglyceride levels, or blood pressure  
4 levels that are outside the ranges for such measurements  
5 recommended by the centers for disease control and prevention  
6 of the United States department of health and human services.

7 c. Tobacco cessation education that covers all of the  
8 cessation treatments and counseling approved by the United  
9 States food and drug administration. Tobacco cessation  
10 education may be provided by direct payment on an employee's  
11 behalf, reimbursement of costs, or by the purchase of insurance  
12 coverage providing for such education.

13 d. Weight loss education that addresses both nutrition and  
14 physical activity.

15 e. Preventative care education, including information about  
16 immunization, promotion of physical activity, nutritional  
17 counseling, and stress management techniques.

18 f. Disease management services that identify diseases before  
19 onset and treat diseases after onset.

20 5. The department may charge a fee in an amount not to  
21 exceed fifty dollars per application for costs incurred in the  
22 administration of this section.

23 6. The department shall adopt rules in accordance with  
24 chapter 17A for the administration of this section, including  
25 rules governing the application process and the criteria used  
26 to evaluate applications.

27 Sec. 2. NEW SECTION. 422.11E Wellness program tax credit.

28 The taxes imposed under this division, less the credits  
29 allowed under section 422.12, shall be reduced by a wellness  
30 program tax credit allowed under section 135.27B.

31 Sec. 3. Section 422.33, Code 2013, is amended by adding the  
32 following new subsection:

33 NEW SUBSECTION. 30. The taxes imposed under this division  
34 shall be reduced by a wellness program tax credit allowed under  
35 section 135.27B.



1 A tax credit shall not be carried back to a tax year prior  
2 to the tax year in which the taxpayer first receives the tax  
3 credit. The tax credit is not transferable.

4 To claim a wellness program tax credit, a taxpayer must  
5 attach a tax credit certificate issued by the department of  
6 public health verifying the taxpayer's eligibility for the  
7 credit. The department will issue a tax credit certificate if  
8 the wellness program offered by the small business provides for  
9 all of the following: (1) measurable positive health outcomes,  
10 (2) regular health risk factor assessments, (3) tobacco  
11 cessation education, (4) weight loss education that addresses  
12 both nutrition and physical activity, (5) preventative care  
13 education, and (6) disease management services.

14 The department may charge a fee in an amount not to exceed  
15 \$50 per application for administrative costs and is directed to  
16 adopt rules for the issuance of the tax credit certificates.

17 The bill takes effect January 1, 2014, and applies to tax  
18 years beginning on or after that date.